

Message Text

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44

ACTION NEA-10

INFO OCT-01 ISO-00 SSO-00 NSCE-00 INRE-00 PM-04 NSC-05

SP-02 SS-15 L-03 H-02 CIAE-00 INR-07 NSAE-00 PRS-01

EB-07 MC-02 ACDA-07 OMB-01 /067 W

----- 002455

O 151312Z AUG 76

FM AMEMBASSY KUWAIT

TO SECSTATE WASHDC IMMEDIATE 5988

INFO SECDEF WASHDC//ISA IMMEDIATE

CDRMICOM REDSTONE IMMEDIATE

USCINCEUR VAIHINGEN GER

C O N F I D E N T I A L KUWAIT 3873

E.O. 11652: GDS

TAGS: MASS KU

SUBJ: FMS CASE UCY

REF: A) KUWAIT 3804 (NOTAL), B) STATE 176166 (NOTAL), C) MICOM

061330Z AUG 76 (NOTAL)

1. AMBASSADOR RECEIVED LETTER DATED AUG 14 FROM DEFMIN SHAIKH SA'AD ABDULLA AL-SABAH ON SUBJECT OF REVISED FMS CASE UCY. SUBSTANTIVE PORTION OF TEXT FOLLOWS: QUOTE: PLEASE NOTE THE FOLLOWING:

1. I AGREE TO SIGN THE CASE IN CONNECTION WITH ITEMS 1,2,3,6 RELATING TO TEST EQUIPMENT REQUIRED FOR THE CENTRAL WORKSHOP OF HAWK PROJECT WITH AMENDMENT OF SOME NOTES AND CHANGE OF PAYMENT SCHEDULE (IN ACCORDANCE WITH THE APPENDIX ATTACHED).

2. IN ORDER TO COMPLETE THE STUDY OF ITEMS 4 AND 5 OF THE CASE, RELATING TO TECHNICAL AND ENGINEERING ASSISTANCE, IT REQUESTED THAT AN AMERICAN TEAM BE SENT TO KUWAIT AS SOON AS POSSIBLE AUTHORIZED TO AMEND THESE ITEMS IN ACCORDANCE WITH THE DISCUSSIONS TO BE MADE WITH A JOINT COMMITTEE FROM KUWAIT MINISTRY OF DEFENSE AND KUWAIT MINISTRY OF FINANCE. UNQUOTE.

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2. ENCLOSURE TO THIS LETTER CITES FOUR CONDITIONS, LAST OF WHICH

DESCRIBES HOW MOD PROPOSES TO SEPARATE "ADP OPERATIONS AND SOFTWARE PROGRAM" OUT OF TOTAL UCY CASE.

3. BECAUSE OF REGULAR SUNDAY CABINET MINISTERS MEETING I WOULD PROBABLY BE UNABLE TO CONTACT SHAIKH SA'AD BEFORE MONDAY AUG 16 IN ORDER TO SEEK CLARIFICATION OF WHETHER HE IS PROPOSING A SPLIT OF CASE UCY. IF HIS ANSWER WERE AFFIRMATIVE, I WOULD WISH TO BE IN POSITION TO TELL HIM THAT THIS WILL NOT BE POSSIBLE. I WOULD RECALL THAT, AS I REPORTED IN REF A, I INFORMED HIM OF THE INTERDEPENDENCE OF THE VARIOUS ELEMENTS OF THE CASE AND PROVIDED HIM A WRITTEN EXPLANATION THEREOF BASED ON REF C.

4. WITH RESPECT TO PARA 2 OF HIS AUG 14 LETTER, I WOULD PROPOSE TO REPEAT WHAT I WROTE TO HIM IN MAY LETTER OF JULY 21 (AND REITERATED IN TWO SUBSEQUENT MEETINGS), NAMELY, THAT BOTH DOD AND STATE AGREE THAT PRESENT PRICE FOR UCY CASE IS A LEGITIMATE AND FAIR ONE, THAT THIS IS BEST OFFER THAN CAN BE OBTAINED, AND THAT THERE WILL BE NO MORE REVISIONS OF IT (REF B).

5. I WOULD THEN FOLLOW THIS UP BY SAYING THAT, IN ORDER TO BE OF MAXIMUM ASSISTANCE TO QUOTE JOINT COMMITTEE FROM KUWAIT MINISTRY OF DEFENSE AND KUWAIT MINISTRY OF FINANCE UNQUOTE REFERRED TO IN HIS AUG 14 LETTER, I HAVE ASKED IHAWK PROJECT MANAGER, COLONEL SMALL, TO COME TO KUWAIT ASAP TO RESPOND TO SUCH QUESTIONS AS JOINT COMMITTEE MIGHT HAVE WITH RESPECT TO CASE UCY. (FYI: CHIEF USLOK HAS TELEPHONED COL. SMALL AND REQUESTED THAT HE ARRIVE KUWAIT IN ORDER TO BE AVAILABLE TO ANSWER SUCH QUESTIONS AUG 19. COL. SMALL INDICATED HE WOULD COME AS PROMPTLY AS AIRLINE SCHEDULES PERMITTED AND PROPOSED TO HAVE RAYTHEON REP ACCOMPANY HIM. RAYTHEON REP, HOWEVER, WOULD NOT PARTICIPATE IN ANY MEETINGS, WITH GOK, BUT WOULD BE AVAILABLE TO PROVIDE ANY DETAILED INFORMATION WHICH COL. SMALL MIGHT NEED. END FYI.)

6. I WOULD ALSO NOTE THAT THREE OF THE FOUR CONDITIONS MENTIONED IN PARA 2 ABOVE APPEAR TO CAUSE NO PROBLEM, BUT THIS WOULD NEED TO BE CONFIRMED BY COL. SMALL, FOURTH CONDITION, WHICH RELATED TO SPLITTING OF CASE, WAS OBVIOUSLY UNACCEPTABLE.

7. BEFORE CONTACTING SHAIKH SA'AD AND ADOPTING FIRM POSITION
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DESCRIBED ABOVE EITHER ORALLY OR IN WRITING, I DESIRE CONFIRMATION FROM WASHINGTON THAT STATEMENT MADE IN REF B, NAMELY, QUOTE THERE WILL BE NO MORE REVISIONS OF IT UNQUOTE STILL STANDS. I WOULD ALSO LIKE TO HAVE CONFIRMATION THAT COL. SMALL WILL BE ABLE TO ACCOUNT FOR LINE ITEM FIGURES CONTAINED IN CASE UCY IN REASONABLE FASHION. MY ASSUMPTION IS THAT REVIEW UNDERTAKEN BY DOD, MICOM, DSAA, STATE AND RAYTHEON, WHICH RESULTED IN REDUCED COST OF \$42.4 MILLION, DETERMINED THAT FIGURES PRESENTED IN THIS CASE WERE NOT

UNDULY OVERESTIMATED.

8. I HAVE SO FAR TAKEN FIRM STAND WITH SHAIKH SA'AD ON ALL THESE POINTS, BUT WOULD FIND MY CREDIBILITY SEVERELY UNDERMINED IF, IN FINAL MONENTS, UCY CASE COST WAS REDUCED BY FURTHER SUBSTANTIAL AMOUNT, AFTER I HAD AGAIN TAKEN FIRM STAND OUTLINED ABOVE. THEREFORE, I SEEK TO HAVE REQUESTED CONFIRMATION BEFORE MAKING FURTHER ORAL OR WRITTEN STATEMENT TO SHAIKH SA'AD.

9. COMMENT: I BELIEVE THAT REQUEST FOR QUOTE AMERICAN TEAM... AUTHORIZED TO AMEND THESE (CASE) ITEMS UNQUOTE TO MEET WITH JOINT DEFENSE/FINANCE COMMITTEE REPRESENTS ONE MORE GOK EFFORT TO REDUCE COST OF UCY CASE BEFORE AUG 31 DEALINE. INCLUSION OF MINISTRY OF FINANCE REPS IN COMMITTEE SEEMS TO BE EFFORT BY SHAIKH SA'AAD TO HEDGE MOD'S POSITION AND SHARE RESPONSIBILITY FOR FINAL DECISION WITH MINISTRY OF FINANCE SHOULD THERE BE LATER CRITICISM, EITHER BY NATIONAL ASSEMBLY OR FROM ELSEWHERE, ABOUT HIGH COST OF RAYTHEON PERSONNEL. THIS ANALYSIS MAY, OF COURSE, BE TOO OPTIMISTIC, BUT THIS PROCEDURE APPARENTLY FOLLOWS NORMAL PATTERN IN GOK WITH RESPECT TO LARGE OUTLAYS OF MONEY. FINAL OUT-COME COULD ALSO BE DEPENDENT ON HOW CONVINCING MICOM ANSWERS WILL BE TO JOINT COMMITTEE.

10. ACTION REQUESTED: I WOULD APPRECIATE INDICATION OF DEPT'S APPROVAL OF POSITION OUTLINED ABOVE AND CONFIRMATION OF VARIOUS ESSENTIAL POINTS INDICATED HEREIN BY IMMEDIATE CABLE ASAP.
MAESTRONE

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Message Attributes

Automatic Decaptioning: X
Capture Date: 01 JAN 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: MEETING REPORTS, MILITARY SALES
Control Number: n/a
Copy: SINGLE
Draft Date: 15 AUG 1976
Decaption Date: 01 JAN 1960
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Authority: ellisoob
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 28 MAY 2004
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1976KUWAIT03873
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: GS
Errors: N/A
Film Number: D760423-0587
From: KUWAIT
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1976/newtext/t19760852/aaaabtce.tel
Line Count: 142
Locator: TEXT ON-LINE, ON MICROFILM
Office: ACTION NEA
Original Classification: CONFIDENTIAL
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 3
Previous Channel Indicators: n/a
Previous Classification: CONFIDENTIAL
Previous Handling Restrictions: n/a
Reference: 76 KUWAIT 3804, 76 STATE 176166
Review Action: RELEASED, APPROVED
Review Authority: ellisoob
Review Comment: n/a
Review Content Flags:
Review Date: 26 JUL 2004
Review Event:
Review Exemptions: n/a
Review History: RELEASED <26 JUL 2004 by ElyME>; APPROVED <13 OCT 2004 by ellisoob>
Review Markings:

Margaret P. Grafeld
Declassified/Released
US Department of State
EO Systematic Review
04 MAY 2006

Review Media Identifier:
Review Referrals: n/a
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
Secure: OPEN
Status: NATIVE
Subject: FMS CASE UCY
TAGS: MASS, KU
To: STATE
Type: TE
Markings: Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 04 MAY 2006